UNITED STATES MARINE CORPS
MARINE CORPS SYSTEMS COMMAND
2200 LESTER STREET
QUANTICO, VIRGINIA 22134-5010

IN REPLY REFER TO:
5720
LAWQ
DON-USMC-2018-002444
18 Jan 18

Mr. Michael Oguin
504 Kings Lake Drive
McKinney TX 75070

SUBJECT: FOIA REQUEST - DON-USMC-2018-002444

Dear Mr. Oguin:

This responds to your FOIA request dated December 18, 2017 , which requests a copy of "the Source Selection Decision Memorandum and any enclosures or attachments to the document (the formal document the Source Selection Authority uses to describe their rationale for making their award decision) for the Full rate production Common Aviation Command and Control System (CAC2S). The contracting activity was conducted by MARSYSCOM and it was M67854-17-C-0261."

Your request is hereby partially denied. Your request for proposal documents falls under FOIA Exemption 5 U.S.C. § 552(b)(3), which precludes disclosure of a submitter's information if disclosure is prohibited by another statute. It is important to note that the Competition In Contracting Act of 1984 (CICA) and 10 U.S.C. § 2305(g), preclude the release of proposals. In fact, CICA provides that "a proposal in the possession or control of [a military department] may not be made available to any person under section 552 of title 5." Id. FOIA Exemption 3 and CICA establish that military departments are precluded from releasing a proposal that has not become part of an agreement with the government.

Additionally, the Trade Secrets Act, 18 U.S.C.A. § 1905 (West Supp. 1999) ("TSA"), also precludes release of the requested proposals. Under this statute, officers and employees of the United States or any U.S. agency or department, are prohibited from divulging or disclosing information that relates to trade secrets, operations, style of work, confidential data, amount or source of income, profits, or expenditures.

FOIA Exemption 5 U.S.C. § 552(b)(4) exempts from disclosure (i) voluntarily submitted commercial or financial information provided that the submitter does not "customarily" disclose the information to the public and provided that disclosure would be likely to interfere with the continued and full availability of the information to the government, or (ii) compelled information likely to cause substantial harm to the competitive position of the person from whom it was obtained and likely to impact on the government's ability to obtain reliable information in the future. See Critical Mass Energy Project v. NRC, 975 F2d 871, 879-80 (D.C. Cir. 1992), cert. denied, 113 S.Ct. 1579 (1993); National Parks & Conservation Ass'n v. Morton, 498 F2d 765, 766 (D.C. Cir. 1974); Canadian Commercial Corp. v. Dept. of Air Force, 514 F.3d 37 (D.C. Cir., 2008).

Releasable portions of the requested document(s) are enclosed.

Fees associated with your request are minimal and waived.

Department of the Navy
Office of the General Counsel
ATTN: FOIA Appeals Office
1000 Navy Pentagon Room 4E635
Washington DC 20350-1000

For consideration, the appeal must be received in that office within 60 days from the postmark of this letter's envelope. Attach a copy of this letter and a statement regarding why you believe an adequate search was not conducted. Both your appeal letter and the envelope should bear the notation "FREEDOM OF INFORMATION ACT APPEAL". Please provide a copy of any such appeal letter to the MARCORSYSCOM address above.

Any questions concerning this matter should be directed to Mrs. Bobbie Cave at (703) 432-3934 or bobbie.cave@usmc.mil.

Sincerely,

A. J. PASAGIAN
Chief of Staff

16 August 2017

MEMORANDUM

From: Common Aviation Command and Control System (CAC2S) Increment I Phase 2 Full Rate Production and Software Sustainment Source Selection Authority

To: CAC2S Increment I Phase 2 FRP and Software Sustainment Contracting Officer

Subj: COMMON AVIATION COMMAND AND CONTROL SYSTEM (CAC2S) INCREMENT I PHASE 2 FULL RATE PRODUCTION AND SOFTWARE SUSTAINMENT AWARD

Ref: (a) Source Selection Plan (SSP) for CAC2S Increment I Phase 2 (M67854-16-R-0217), dated 05 December 2016
(b) Request for Proposal (RFP) M67854-16-R-0217
(c) CAC2S Increment I Phase 2 Full Rate Production and Software Sustainment Evaluation Summary of Findings
(d) Source Selection Evaluation Board (SSEB) Cost/Price Analysis Panel (C/PAP) Consensus on Cost/Price Evaluation Findings

Encl: (1) CAC2S Increment I Phase 2 Full Rate Production and Software Sustainment Comparative Analysis Report

Pursuant to reference (a) and in accordance with FAR 15.308, this memorandum documents my decision, as the Source Selection Authority for CAC2S Increment I Phase 2 Full Rate Production and Software Sustainment competitive procurement, that award to General Dynamics Mission Systems (GD) represents the best value. My decision is based upon my independent judgment, assessment, and a comparison of the offerors' proposals, as documented in the underlying reports and analysis as discussed below.

Background

The Source Selection Evaluation Board's (SSEB) analysis and recommendations are thoroughly described and discussed in reference (c) , the Summary of Findings. In the Summary of Findings, the SSEB, comprised of the Technical Evaluation Panel (TEP), Cost Realism/Price Reasonableness Analysis Panel (C/PAP) and the Past Performance Evaluation Panel (PPEP), documented and summarized their assessments of each offeror's technical, past performance, and cost/price proposals in separate reports. I have read and agree with the SSEB's evaluation and assessments contained in the Summary of Findings.

The Source Selection Advisory Council's (SSAC) analysis and recommendations are thoroughly described and discussed in Enclosure 1, the Comparative Analysis Report (CAR). The CAR provides a narrative justification for the SSAC's recommendation of a best value awardee for the source selection, and includes consensus ratings for each offeror's proposal, documenting the analysis and assessments. I have read and agree with the SSAC's evaluation and assessments contained in the Comparative Analysis Report.

Discussion

I have completed an independent, detailed review of the facts and findings with regard to each proposal, the SSEB's Summary of Findings, and the SSAC's Comparative Analysis Report. Based on my review, I have confirmed that the evaluations conducted by the SSEB and subsequent analyses conducted by the SSAC were uniform and consistent with the evaluation criteria defined in references (a) and (b).

1. (b)(3); (b)(4)

The solicitation notified all offerors that the "the Government will not award a contract to any offeror(s) that has a 'Marginal' or 'Unacceptable' rating for any of the factors. If an offeror's proposal is assessed as having multiple high risk areas, then that proposal may be deemed technically unacceptable." (RFP p. 136). As noted in the underlying reports, the Government assigned (b)(3); (b)(4) rating of "Marginal" for three factors: Production Capabilities (Factor 1); Software Maintenance (Factor 2); and Program Management and Processes (Factor 4). Therefore, in accordance with the solicitation, (b)(3); (b)(4) proposal is unawardable. The Government assigned (b)(3); (b)(4) a rating of "Unacceptable" for Program Management and Processes (Factor 4). This rating was based on an assigned deficiency for (b)(3); (b)(4) failure to meet solicitation Section C, paragraph 3.4.4.5, Windows 10 Migration, by the date required.[1] Accordingly, since neither of these proposals is awardable, I will not discuss them further.[2]

[1] Although the Government did not determine (b)(3); (b)(4) initial proposal had any deficiencies, following discussions (b)(3); (b)(4) response to an Evaluation Notice (EN) introduced, for the first time, the issue which the Government evaluated as a deficiency.

[2] In that (b)(3); (b)(4) are both disqualified from award, I will not discuss their Past Performance or Cost/Price evaluations. However, I note that both are significantly higher priced than both GD and (b)(3); (b)(4) and, based on their evaluated strengths qualitatively compared to those of GD, (b)(3); (b)(4) and (b)(3); (b)(4) discussed below), would not have resulted in the best value, even if their proposals were otherwise awardable.

2. (b)(3); (b)(4)

Based on its qualitative evaluation, the Government assigned (b)(3); (b)(4) ratings of Acceptable for Production Capabilities (Factor 1), with one strength and four weaknesses; Good for Software Maintenance (Factor 2), with one strength; Acceptable for Quality Assurance (Factor 3); Acceptable for Program Management and Processes (Factor 4), with one weakness; and Acceptable for Facilities (Factor 6), based on one significant weakness, with a corresponding Moderate risk rating. The Government assigned this significant weakness because (b)(3); (b)(4) did not have a currently accredited system for secret level data and its proposal provided no proposed resolution or timeline with expected completion dates by which to obtain this accreditation.

At (b)(3); (b)(4) also offered the highest evaluated cost/price, which was significantly higher than the two other awardable offerors. Specifically, (b)(3); (b)(4) higher by (b)(3); (b)(4) in comparison to (b)(3); (b)(4) and by (b)(3); (b)(4) in comparison to GD. As noted, the Government assigned (b)(3); (b)(4) two strengths. Its Factor 2 strength was based on its processes, experience, and knowledge associated with migrating applications to Windows 10. However, as will be discussed below, both GD and (b)(3); (b)(4) had similar strengths. Thus, this strength is not a discriminator. Further, I find that (b)(3); (b)(4) second strength, associated with its radio frequency identification (RFID) technology (Factor 1), as well as the significant weakness assigned to (b)(3); (b)(4) ack of an accredited system for secret level data (Factor 6), are insufficient to overcome the significant price advantage held by both GD and (b)(3); (b)(4) Accordingly, I will not further discuss (b)(3); (b)(4) including its past performance and cost/price.

3. GD ($104,850,491)

Based on its qualitative evaluation, the Government assigned GD ratings of Good for Production Capabilities (Factor 1), with two strengths and one weakness; Good for Software Maintenance (Factor 2), with two strengths; Acceptable for Quality Assurance (Factor 3); Acceptable for Program Management and Processes (Factor 4), with no strengths and five weaknesses; and Acceptable for Facilities (Factor 6).

Regarding the weaknesses, although the Government assigned a total of six evaluated weaknesses, when assessing the risk associated with these weaknesses, the Government determined that all "were individually assessed as low risk, which has little potential to cause disruption of schedule, increased cost, or degradation of performance. Normal contractor effort and normal Government monitoring will be able to overcome difficulties." (Encl. 1, p. 7) In that a "low" risk rating is the lowest assignable risk rating, and based upon the Government's determination that these

weaknesses have little potential to disrupt schedule, increase cost, or degrade performance, I find that they do not act as discriminators between proposals and will not discuss them further in my tradeoff analysis.[3]

The Government assigned GD two strengths associated with the most important factor, Production Capabilities (Factor 1): Manufacturing Readiness Level and Potential Surge Capacity.

(a) Manufacturing Readiness Level (Factor 1)

The first strength is associated with GD's Manufacturing Readiness Level (MRL) of 9. The solicitation required an offeror to describe its production capability in a manner that clearly defined how the offeror could and would produce and test the Common Aviation Command and Control System (CAC2S) Air Command and Control Subsystem (AC2S). (RFP, p.124). A vital part of this capability was an offeror's MRL, and the solicitation required an offeror to conduct a preliminary assessment of its manufacturing readiness using the criteria found in the Manufacturing Readiness Level Deskbook (http://www.dodmrl.org). (RFP, p. 125). The solicitation stated:

> The results of this assessment shall be discussed in the proposal along with the assessment methodology that the offeror used. The offeror shall explain how they plan to move forward from their assessed MRL to the MRL 10 definition that is expected at the end of the Production and Deployment Phase. The offeror shall include enough detail for the Government to understand all manufacturing risks that are expected and all risk mitigation efforts that will be necessary to achieve the final MRL 10 definition at the end of the phase. The offeror shall discuss how MRL 10 will be achieved within their plans and schedules ....

The cited MRL Deskbook notes that "a lack of manufacturing knowledge at key decision points as a leading cause of acquisition program cost growth and schedule slippages in major DoD acquisition programs." (MRL Deskbook, p. 2) Consequently, the DoD developed policy to strengthen the way in which it considered manufacturing issues and risks. The Deskbook provides a description of the various MRLs. MRL 8 is titled "Pilot

[3] I recognize that the Government assigned GD 5 weaknesses (with no offsetting strengths) for Factor 4; however, I also note that these weaknesses were relatively inconsequential, assigned because GD had not yet completed an impact assessment due to its ISO 14001 upgrades; had failed to include the E series CDRLs in its IMS; did not time deliveries of CDRL A024 correctly; did not provide risk mitigation for one of its sole source suppliers (b)(3); (b)(4) and did not schedule Systems Safety Working Group meetings or provide an additional method to report mishaps. However, all of these are relatively minor issues, easily dealt with during contract administration, and unlikely to result in a risk any higher than "low." Accordingly, I find the assignment of an Acceptable rating to this Factor to be supported and appropriate.

line capability demonstrated; ready to begin Low Rate Initial Production (LRIP)," and is defined as:

> This level is associated with readiness for a Milestone C decision, and entry into LRIP. Technologies should have matured to at least TRL 7 or 8. Detailed system design is complete and sufficiently stable to enter low rate production. All materials, manpower, tooling, test equipment and facilities are proven on the pilot line and are available to meet the planned low rate production schedule. STE/SIE has been validated as part of pilot line validation in accordance with validation plans. Manufacturing and quality processes and procedures have been proven on a pilot line and are under control and ready for low rate production. Known producibility risks pose no significant challenges for low rate production. Cost model and yield and rate analyses have been updated with pilot line results. Supplier qualification testing and first article inspection have been completed. The Industrial Capabilities Assessment for Milestone C has been completed and shows the supply chain is established to support LRIP.
>
> (Deskbook, p. 13)

MRL 9 is titled "Low rate production demonstrated; capability in place to begin Full Rate Production (FRP)," and is defined as:

> At this level, the system, component or item has been previously produced, is in production, or has successfully achieved low rate initial production. Technologies should have matured to TRL 8 or 9. This level of readiness is normally associated with readiness for entry into FRP. All systems engineering/design requirements should have been met such that there are minimal system changes. Major system design features are stable and have been proven in test and evaluation. Materials, parts, manpower, tooling, test equipment and facilities are available to meet planned rate production schedules. STE/SIE validation maintained and revalidated as necessary. Manufacturing process capability in a low rate production environment is at an appropriate quality level to meet design key characteristic tolerances. Production risk monitoring is ongoing. LRIP cost targets have been met, and learning curves have been analyzed with actual data. The cost model has been developed for FRP and reflects the impact of continuous improvement.
>
> (Deskbook, pp. 13-14)

Finally, MRL 10 is titled "Full Rate Production demonstrated and lean production practices in place," and is defined as:

> This is the highest level of production readiness. Technologies should have matured to TRL 9. This level of manufacturing is normally associated with the Production or Sustainment phases of the acquisition life cycle. Engineering/design changes are few and generally limited to quality and cost improvements. System, components, or items are in full rate production and meet all engineering, performance, quality and reliability requirements. Manufacturing process capability is at the appropriate quality level. All materials, tooling, inspection and test equipment, facilities and manpower are in place and have met full rate production requirements. STE/SIE validation maintained and revalidated as necessary. Rate production unit costs meet goals, and funding is sufficient for production at required rates. Lean practices are well established and continuous process improvements are ongoing.
>
> (Deskbook, p. 14)

The RFP stated that the Government would "evaluate the offeror's MRL assessment to include all aspects of manufacturing technology and risks, supply chain processes and responsibilities, production facilities and tooling, personnel qualifications and materials. A proposal wherein the MRL self-assessment or the Government assessment indicates an MRL of less than 8 will be rated Unacceptable for the Production Capabilities factor . . . ." (RFP, p. 137). Thus, to be acceptable, an offeror had to self-identify (with support) an MRL of at least 8. Further, as discussed above, an offeror had to detail expected manufacturing risks and mitigation efforts necessary to achieve MRL 10 and how the offeror would achieve MRL 10 within its plans and schedules. (RFP, p. 125).

GD has already achieved MLR 9, and the Government assigned GD a strength for its "proven capability and experience in producing units; and its available facilities, manpower, test equipment, and manufacturing processes that are capable and in control for producing the CAC2S Air Command and Control Sub-System (AC2S) in accordance with the Government owned Technical Data Package (TDP)." (Encl. 1, p. 7) Further, by the date of its proposal submission, as the incumbent, GD had already produced and provided four AC2S Limited Deployment Units (LDUs) units (GD Vol. V, Technical, p. 1-1), and to date has produced and provided an additional five units.

Given the current uncertainties in the world and the Marine Corps' mission to be "most ready when the nation is generally least ready," GD's MLR 9 represents a significant benefit to the Government because it has already fully demonstrated and completed

LRIP and has the capability in place to begin FRP. This in turn provides significant confidence in GD's ability to quickly begin FRP. This is important because CAC2S will replace the existing aviation command and control equipment of the Marine Air Command and Control System. CAC2S integrates the functions of aviation command and control into an interoperable system that will support the core competencies of all Marine Corps warfighting concepts and will allow for the exchange of high-quality, high-fidelity battlefield information. This will allow battlefield commanders to have the most up-to-date, relevant information and better information; in sum it will provide a more complete tactical picture and improved overall situational awareness.

The AC2S, which is the subject of this source selection, will provide the operational command post and functionality to support mission planning, decision making, and execution tools to support all functions of Marine Aviation; an open architecture interface capable of integrating emerging active and passive sensor technology for organic and non-organic sensors to the Marine Air Command and Control System; and the capability to display real-time, near real-time, and non-real-time sensor data to support command and control of Marine Air Ground Task Force (MAGTF) aviation assets. GD's MRL 9 therefore represents significant benefit in terms of its ability to quickly get to AC2S to FRP and support the warfighter.

(b) Surge Capacity (Factor 1)

The second strength is associated with GD's potential surge capacity. The solicitation stated that, in terms of production capacity, the Government would "evaluate the offeror's capability to produce and deliver a minimum of one system per month after First Article Test (FAT) with some months requiring two systems per month in the sequence identified in Section F before end of CLIN POP." (RFP, p. 137). Further, a "proposal which does not demonstrate that the offeror can meet delivery sequencing or schedule as identified in Section F will be rated Unacceptable for the Production Capabilities factor." The Government assigned a strength to GD because its "facility load analysis demonstrates comprehensive understanding of the production capability requirement, indicating the ability to exceed the minimum production capacity and to provide potential surge capacity." (Encl. 1, p. 7) Given the critical capability that CAC2S and its AC2S component provide to the warfighter, and given these uncertain times when the Marines may find themselves quickly deployed to defend against significant global threats, GD's potential surge capacity and ability to not only meet, but exceed, the minimum production capacity provides significant benefit.

The Government assigned GD two strengths associated with the second most important factor, Software Maintenance (Factor 2): CAC2S Familiarity and Windows 10 Migration Experience.[4]

For Software Maintenance, the solicitation stated that the Government would evaluate an offeror's proposed Software Program and Processes associated with the sustainment of CAC2S software, cybersecurity posture, and migration from DIACAP to RMF process; compliance with DoD 8570.01-M IA workforce requirements; Software Sustainment Plan (SSP); and ability to transition from DIACAP to the Risk Management Framework (RMF). (RFP, p. 138)

The Government determined that GD's proposal described its proven processes which demonstrated familiarity and experience with the CAC2S Phase 2 software and software architecture. Further, GD proposed the same team it used during the Engineering Design Model and LDU development which resulted in software that enabled CAC2S to be assigned Operationally Effective and Operationally Suitable ratings and allowed CAC2S to successfully achieve Milestone C. The Government determined that GD's familiarity, experience, and proven processes demonstrated benefit the Government by reducing risks associated with cost, schedule and performance.

The Government assigned GD a Past Performance Rating of Substantial Confidence, based upon an assessment of three contracts, one of which was the current CAC2S contract (which was evaluated as "Very Relevant"). For the two other contracts, the Government evaluated one as "Very Relevant" and one as "Relevant." The Government received three Past Performance Questionnaires (PPQs), which cumulatively rated GD's performance as "Excellent" for 14 assessed categories and "Satisfactory" for one assessed category ("Adherence to Estimates"). CPARs evaluations cumulatively provided four "Exceptional" ratings; ten "Very Good" ratings; and three "Satisfactory" ratings. Given the relevancy of the contracts to the current effort and the demonstrated quality of its performance, GD's past performance warrants its Substantial Confidence rating. Finally, GD also demonstrated a history of significant small business utilization.

GD's cost/price is fully discussed in Refs. (c) and (d) and Encl. (1). In sum, GD's cost/price, which was the second lowest of all five offerors, was found both reasonable and realistic. I take no exception to these findings.

[4] As noted, since the three awardable offerors (GD, (b)(3); (b)(4) all had a strength associated with Windows 10 migration experience, this strength is not a discriminator and will not be further discussed.

4. (b)(3); (b)(4)

Based on its qualitative evaluation, the Government assigned (b)(3); (b)(4) ratings of Acceptable for Production Capabilities (Factor 1), with no strengths and one weakness; Good for Software Maintenance (Factor 2), with three strengths and one weakness; Acceptable for Quality Assurance (Factor 3); Acceptable for Program Management and Processes (Factor 4), with one strength and two weaknesses; and Acceptable for Facilities (Factor 6), with two weaknesses.

Regarding the weaknesses, although the Government assigned a total of six evaluated weaknesses, when assessing the risk associated with these weaknesses, the Government determined that all "were individually assessed as low risk, which has little potential to cause disruption of schedule, increased cost, or degradation of performance. Normal contractor effort and normal Government monitoring will be able to overcome difficulties." (Encl. 1, p. 5) In that a "low" risk rating is the lowest assignable risk rating, and based upon the Government's determination that these weaknesses have little potential to disrupt schedule, increase cost, or degrade performance, I find that they do not act as discriminators between proposals and will not discuss them further in my tradeoff analysis.

The Government assigned (b)(3); (b)(4) three strengths associated with the second most important factor, Software Maintenance (Factor 2): Transition to the Risk Management Framework, Software Certifications, and Windows 10 Migration Experience.[5]

a. Transition to the Risk Management Framework (RMF)

The first strength is associated with (b)(3); (b)(4) experience in RMF. Transition to RMF represents the third shift in information security/cybersecurity that has occurred in the past 20 years (i.e., from the Defense Information Technology Security Certification and Accreditation Process (DITSCAP) in 1997, to the Defense Information Assurance Certification & Accreditation Process (DIACAP) in 2007, to RMF in 2013). Given the cybersecurity threat that information systems face on a daily basis, a robust understanding of, and familiarity with, RMF provides significant benefit. The solicitation required offerors to demonstrate compliance with RMF as well as National Institute of Standards and Technology (NIST) Special Publication (SP) 800-53, Security and Privacy Controls for Federal Information Systems and Organizations and CNSSI 1253

[5] As noted, since the three awardable offerors (GD, (b)(3); (b)(4) all had a strength associated with Windows 10 migration experience, this strength is not a discriminator and will not be further discussed.

Security Categorization and Control Selection for National Security Systems, when DoD transitions to the RMF process. (RFP, p. 48)

The Government determined that (b)(3); (b)(4) experienced staff and proven processes in migrating programs of similar complexity to RMF increases the Government's confidence that (b)(3); (b)(4) could efficiently support the Government transition of CAC2S to RMF. (b)(3); (b)(4) proven experience with the RMF process, specifically on JTCW which is a component within CAC2S, would enable (b)(3); (b)(4) to support the transition of CAC2S to RMF in a more efficient manner, thus providing the Government with significant cost and schedule benefits.

b. Software Certifications

The second strength is associated with (b)(3); (b)(4) software certifications. The solicitation required that personnel supporting information assurance functions obtain the appropriate DoD-approved baseline certifications, as well as any computing environment certifications required for specific operating systems or security related tools and devices. (RFP, p. 48). Via its proposed subcontractor, (b)(3); (b)(4) proposal indicated that it would provide fully certified engineers to support all CAC2S information assurance activities, as well as (b)(3); (b)(4) Personnel. The Government determined that the use of personnel with these certifications would provide performance benefits.

The Government assigned (b)(3); (b)(4) one strength associated with the fourth most important factor, Program Management and Processes (Factor 4): Government Access to (b)(3); (b)(4)

This strength is associated with the fact that (b)(3); (b)(4) stated that it would not charge any pass-through fees or G&A to the government for work assigned to its proposed subcontractor, (b)(3); (b)(4) for work the subcontractor would perform in the role of software lead. Further, (b)(3); (b)(4) offered "direct access between the Government and (b)(3); (b)(4) to allow rapid resolution of key tactical software issues." The Government noted that, by not adding the pass through fees, (b)(3); (b)(4) plan reduces the level of management required and provides measurable cost benefit to the Government over the lifetime of this production contract, specifically when determining the build definitions for each of the planned software sustainment CLINs. Further, the Government felt that, by providing direct access to the subcontractor, the process to identify the changes to the software and negotiate the cost would be more efficient as the Government need only discuss with the lead software subcontractor, rather than the offeror and the lead software subcontractor. While I recognize that these may provide

some benefit, given that the Government would have privity of contract only with the prime, and not the subcontractor, I find this benefit to be minimal at best and not a discriminator.

The Government assigned (b)(3); (b)(4) a Past Performance Rating of (b)(3); (b)(4) (b)(3); (b)(4) based upon an assessment of eight contracts. Of these eight contracts, two were considered Very Relevant, five were considered Relevant, and one was considered Somewhat Relevant. Two contracts were performed by (b)(3); (b)(4) and six were performed by proposed subcontractors. The Government received six Past Performance Questionnaires (PPQs), which cumulatively rated the performance of (b)(3); (b)(4) and its subcontractors as (b)(3); (b)(4) for 23 assessed categories and (b)(3); (b)(4) for 7 assessed categories. CPARs evaluations were available for five of the eight contracts, which cumulatively provided 16 (b)(3); (b)(4) ratings; 5 (b)(3); (b)(4) ratings; and 1 (b)(3); (b)(4) rating.

The solicitation was silent as to the weight that might be assigned to past performance references performed by the prime contractor as opposed to those performed by proposed subcontractors. Although only two of the eight past performance submissions were performed by (b)(3); (b)(4) one was evaluated as (b)(3); (b)(4) and one as (b)(3); (b)(4) and both had associated PPQ and CPARs information detailing the quality of performance. In addition, one of the (b)(3); (b)(4) contracts was submitted for its proposed subcontractor (b)(3); (b)(4) for the CAC2S contract, the performance of which was detailed in a PPQ (but not a CPAR). Of the remaining five references, four were evaluated as (b)(3); (b)(4) and all four of these had PPQs detailing quality of performance while three had associated CPARs evaluations. Given that the solicitation was silent as to the weight associated with past performance by the offeror in comparison with past performance by proposed subcontractors, I believe a rating of (b)(3); (b)(4) could be supportable.

As a small business, (b)(3); (b)(4) was not required to submit a narrative describing its use of small business concerns.

(b)(3); (b)(4) cost/price is fully discussed in Refs. (c) and (d) and Encl. (1). As noted in Ref. (d), page 2, the Government provided (b)(3); (b)(4) with an EN related to its financial responsibility (Cost EN 024). The C/PAP determined that (b)(3); (b)(4) answer did not mitigate the concern expressed in the EN. Specifically, the Government requested that DCMA perform a pre-award survey on all offerors except GD (the incumbent). DCMA did not find (b)(3); (b)(4) "to be financially capable of performance a contract to be awarded" under the underlying solicitation. Cost EN 024 requested that (b)(3); (b)(4) address this concern. Specifically, this EN stated:

As part of the Preaward Survey conducted by the PM AC2SN contracts team, an analysis of (b)(3); (b)(4) financial responsibility by DCMA discovered limited Working Capital, unfavorable business ratios, no established/available line of credit as of 13 January 2017, and other factors insufficient to support a potential contract award for the CAC2S production effort. Request (b)(3); (b)(4) provide written evidence to demonstrate financial responsibility and ability to obtain financial resources of a potential contract for the CAC2S production effort.

In response (b)(3); (b)(4) provided information relevant to its financial responsibility with citations to several current contracts, written evidence of its ability to obtain financial resources, and other information. The Government provided all of this information to DCMA which responded that this information did not change its original assessment.

Under the Small Business Association's Certificate of Competency (COC) program, agencies must refer a determination that a small business is not responsible to the SBA, if that determination would preclude the small business from receiving an award. 15 U.S.C. § 637(b)(7); 13 C.F.R. § 125.5; Federal Acquisition Regulation (FAR) subpart 19.6. The SBA's regulations specifically require a contracting officer to refer a small business concern to SBA for a COC determination when the contracting officer has refused to consider a small business concern for award of a contract or order "after evaluating the concern's offer on a non-comparative basis (e.g., pass/fail, go/no go, or acceptable/unacceptable) under one or more responsibility-type evaluation factors (such as experience of the company or key personnel or past performance)." 13 C.F.R. § 125.5(a)(2)(ii). The SBA is then empowered to certify the responsibility of the small business concern to the agency. 15 U.S.C. § 637(b)(7)(A).

The Government, in its evaluation, did not determine that (b)(3); (b)(4) was not responsible.

Finally, the Government determined that (b)(3); (b)(4) price, which was the lowest offered price of all five offerors, was both reasonable and realistic.

Best Value Determination:

The solicitation listed seven factors, in descending order of importance, that the Government would use to determine the best value proposal. All evaluation factors, other than cost or price, when combined were ***significantly more important*** than cost or price. These factors were:

- Factor 1 – Production Capabilities.
- Factor 2 – Software Maintenance.
- Factor 3 – Quality Assurance.
- Factor 4 – Program Management and Processes.
- Factor 5 - Past Performance.
- Factor 6 - Facilities.
- Factor 7 - Cost/Price.

As noted above, GD received two strengths for the most important factor, Factor 1. These strengths were related to the significant benefit provided by GD's MRL 9 rating and its surge capacity. In contrast, (b)(3); (b)(4) received no strengths for Factor 1. Thus, for this most important factor, GD represents the best value. In addition, these strengths are directly related to the Marine Corps ability to support the warfighter and will help ensure that, in these unsettled times, our Marines receive these critical systems when needed.

For the second most important factor, removing the Migration to Windows 10 strength, which does not serve as a discriminator for either GD or (b)(3); (b)(4) GD received one strength, for its proven processes and demonstrated familiarity and experience with the CAC2S Phase 2 software and software architecture. (b)(3); (b)(4) received two strengths, for its proven performance processes in transitioning from cyber security compliance to RMF and its additional software certifications which exceed the Government's requirements. While there is no doubt that, given the daily cyber attacks on our systems, (b)(3); (b)(4) RMF strength is beneficial, I find that GD's proven processes and familiarity with the current CAC2S Phase 2 software and software architecture provides a more beneficial advantage and outweighs (b)(3); (b)(4) two strengths; RMF is clearly important, but GD has direct knowledge of, and familiarity with, an intrinsic part of the system. Further, GD's proposal associated with RMF is acceptable. Thus, for this second most important factor, GD represents the best value.

For the fourth most important factor, (b)(3); (b)(4) received a strength related to (b)(3); (b)(4) (b)(3); (b)(4) As discussed above, I find this strength to be minimal at best and it does not represent a discriminator.

Accordingly, for Factors 1, 2, 3, 4, and 6, as discussed in detail above, GD's proposal provides qualitative strengths and discriminators of substantial, direct benefit to the Government that outweigh those provided by (b)(3); (b)(4) making GD the best value for these factors.

For Factor 5, Past Performance, the Government assigned GD a Substantial Confidence Rating and (b)(3); (b)(4) a (b)(3); (b)(4) rating. While GD's rating is higher, I find that even if (b)(3); (b)(4) were to have been assigned a (b)(3); (b)(4) rating, for the reasons discussed below, this would not change my best value determination.

Finally, for Factor 7, Cost/Price, (b)(3); (b)(4) proposal provides a price advantage of (b)(3); (b)(4) However, as noted above, the factors are in descending order of importance and the non-cost/price factors, when combined, are *significantly more important* than cost/price. I find that GD's substantial, qualitative advantages for Factor 1, as well as its more advantageous qualitative benefits for Factor 2 and its Substantial Confidence rating for Factor 5, warrant its minimal cost/price premium. I find that this would be so even if (b)(3); (b)(4) were to be given a higher Past Performance rating of (b)(3); (b)(4)

Note: As discussed above, regarding cost/price, the Government did NOT determine that (b)(3); (b)(4) was not responsible and its concerns regarding (b)(3); (b)(4) financial responsibility did not preclude (b)(3); (b)(4) from award. If the Government believed that (b)(3); (b)(4) was otherwise the best value awardee, it would have referred (b)(3); (b)(4) to the SBA for a COC determination. However, for the reasons discussed in this document unrelated to (b)(3); (b)(4) financial status (i.e., the Government's evaluation of Factors 1-6), the Government did not consider (b)(3); (b)(4) to represent the best value.

GD has been determined to be a responsible contractor by the Contracting Officer as documented in his Responsibility Determination Memorandum.

Based upon the above information, GD is fully qualified and eligible to receive this award.

Based on a comparative assessment of all proposals, against all source selection criteria, and a best value trade-off analysis, I have determined that GD's proposal represents the best value to the Government considering the areas of Technical, Past Performance and Cost/Price. In accordance with the authority provided in reference (b), I request that the Contracting Officer award CAC2S Increment I Phase 2 Full Rate Production and Software Sustainment to General Dynamics Mission Systems.

(b) (6)

Col Andrew D. Bianca